

BEFORE THE  
PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop  
Additional Methods to Implement the California  
Renewables Portfolio Standard Program

R.06-02-012

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**PRE-WORKSHOP COMMENTS  
OF CORAL POWER L.L.C.**

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Date: May 9, 2008

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In accordance with the Energy Division’s request dated April 24, 2008, Coral Power L.L.C. (“Coral Power”) presents its pre-workshop comments regarding further implementation of SB 1036; in particular, questions related to the calculation and allocation of above-Market Price Referent (“MPR”) funds (“AMFs”). Coral Power’s pre-workshop comments address one of the proposed “AMF eligibility criteria” that is set forth in draft Resolution (“DR”) E-4160 (which was circulated on March 12, 2008). Specifically, Coral Power objects to the DR’s recommendation that the contract must be with an RPS-eligible facility that is “physically located in California . . . .” DR at p. 19. Coral Power reserves the right to address other issues related to the AMF program during the May 29 workshop and/or in post-workshop comments.

**I.**

**INTRODUCTION**

The DR’s recommended total AMF for the three electric utilities represents a relatively small pool of funds to cover the above-MPR costs of eligible renewable contracts necessary to meet the electric utilities’ 2010 RPS procurement requirements. The limited size of each utility’s AMF makes the Commission’s determination of the level of the MPR methodology, and

calculation of the annual MPR, extremely important. In fact, the MPR determination is the key factor in ascertaining whether the utilities will have a meaningful opportunity to meet their 2010 procurement obligations.

Coral Power recognizes that the upcoming May 29 workshop is not focused on developing the methodology for the 2008 MPR. Coral Power submits, however, that issues related to the MPR methodology, like issues related to the AMF, could affect the electric utilities' ability to meet their 2010 renewable procurement obligations. The availability of AMFs is limited. The MPR methodology (and the resulting annual MPR calculation) will determine whether the electric utilities will be obligated to meet the 20 percent renewable target by 2010 based upon a combination of: a) the available AMFs; and b) eligible renewable energy resources that can be procured at or below the MPR. See P.U. Code Section 399.15(d)(3).

## **II.**

### **AMF ELIGIBILITY SHOULD NOT BE LIMITED TO CALIFORNIA FACILITIES**

The Commission should not discourage the development of renewable generation in geographic locations where there is renewable potential. Eligibility for AMFs should not be based upon whether the RPS-eligible facility is located in California. Renewable resource opportunities are not limited to the boundaries of the State. Neither should eligibility for AMFs be limited to renewable facilities that are located in the State.

In support of its recommendation to limit AMF eligibility to "in-state" renewable generation facilities, the DR cites Public Resources Code Section 25740.5(c), which provides:

The program objective shall be to increase, in the near term, the quantity of California's electricity generated by in-state renewable electricity generation facilities, while protecting system reliability, fostering resources diversity, and obtaining the greatest environmental benefits for California residents.

DR at p. 19 n. 50 (emphasis added). Contrary to the DR, this statutory provision does not support a policy determination to limit AMF-eligible facilities to locations within California.

The statute defines an “in-state renewable electricity generation facility” more broadly than a facility that is “physically located in California.” Public Resources Code Section 25741(b)(2) provides that an “in-state renewable electricity generation facility” must be either: (A) “located in the state or near the border of the state with the first point of interconnection to the transmission network within this state and electricity produced by the facility is delivered to an in-state location;” or (B) have its first point of interconnection to the transmission network outside the state, as long as the facility: is connected to the WECC transmission network; commences initial commercial operation after January 1, 2005; and electricity produced by the facility is delivered to an in-state location. Out-of-state facilities clearly are RPS-eligible if the facilities otherwise meet the criteria set forth in Public Resources Code Section 25741(b)(2).

Eligibility for AMFs should not be limited to RPS-eligible facilities that are “physically located in California.” Eligibility for AMFs should extend to any facility that meets the definition of “in-state renewable electricity generation facility” set forth in Public Resources Code Section 25741(b). In the same manner that California currently relies upon out-of-state resources to meet its electricity supply requirements, AMF eligibility should include otherwise eligible renewable generation facilities that are located in the WECC service territory, and that deliver electricity to an in-state location within the meaning of the statute.<sup>1</sup> Renewable generation located anywhere in the WECC service territory will benefit the region as a whole. Eligibility for AMFs - - and opportunities for private sector investment in renewables - - should not be limited to the geographic boundaries of the State.

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<sup>1</sup> Section 25741(a) provides that “electricity generated by an eligible renewable energy resource may be considered ‘delivered’ regardless of whether the electricity is generated at a different time from consumption by a California end-use customer.”

Load-serving entities (“LSEs”) are under an obligation to meet a statutory goal of 20 percent renewables by 2010. There are not enough renewable resource opportunities in the State to enable all LSEs to meet this statutory obligation. Although the high costs of transmission will encourage renewable generation development within the State, renewable developers should not be discouraged from pursuing renewable projects in locations outside the State that may be particularly suitable for renewable resources. Renewable development should not be discouraged in geographic areas where there is renewable potential. The DR’s recommendation to limit AMF eligibility to facilities located in the State should be rejected.

### **III.**

#### **CONCLUSION**

Coral Power looks forward to participating in the discussion at the May 29 workshop.

Respectfully submitted,

\_\_\_\_\_/s/  
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Attorneys for Coral Power L.L.C.

Date: May 9, 2008

## CERTIFICATE OF SERVICE

I hereby certify that I have served, this day, a copy of the foregoing **PRE-WORKSHOP COMMENTS OF CORAL POWER L.L.C.** on the Honorable Michael R. Peevey, Assigned Commissioner, the Honorable Anne E. Simon, Presiding Administrative Law Judge, and the Honorable Burton Mattson, Presiding Administrative Law Judge, and on all parties on the service lists for R.06-02-012 and R.06-05-027, by electronic mail only.

Executed on May 9, 2008, at San Diego, California.

\_\_\_\_\_/s/  
Debra A. Casebier

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